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SENATE

REPORT
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YOUTH EMPLOYMENT AND ECONOMIC ASSISTANCE ACT OF 1983

MAY 16, 1983.—Ordered to be printed

Mr. STAFFORD, from the Committee on Environment and Public Works, submitted the following

REPORT

together with

MINORITY VIEWS

[To accompany S. 724]

The Committee on Environment and Public Works, to which was referred the bill (S. 724) to authorize programs for public works investments through economic assistance and historic preservation activities, together with the creation of new and productive jobs for young Americans, and for other purposes having considered the same, reports favorably thereon with an amendment and recommends that the bill (as amended) do pass.

GENERAL STATEMENT

The economic challenges that face this Nation are extensive. How we confront those challenges will determine not just our future prosperity, but the strength of our social fabric.

In May, 1983, the United States appears to have entered into a period of economic recovery. Even if this recovery is sustained, many rural areas of this Nation appear likely to face a long period of continued economic stagnation. Our Nation's young people face severe challenges in their search for productive work. Our inventory of historic buildings and architectural landmarks is being depleted by disrepair and neglect.

S. 724, as reported by the Committee on Environment and Public Works, tackles these challenges with three interconnected initiatives. This bill aids diverse groups and interests. It is legislation to provide new job opportunities for young Americans, while preserv-

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ing the best of our older buildings and neighborhoods. This legislation creates a new program for rural economic assistance, while also focusing on unemployed young men and women, most of whom reside in our larger cities.

In reporting S. 724, the Committee took no action on two titles of S. 724, as that bill was introduced. The Committee did so without prejudice, and intends to consider those provisions, along with other bills involving this Nation's infrastructure, in the weeks ahead.

Major Provisions

TITLE I—REGIONAL ECONOMIC ASSISTANCE

The purpose of the Regional Economic Assistance Act of 1983 is to provide Federal economic assistance to distressed smaller communities and rural areas.

For the first time in more than a century, population growth in non-metropolitan areas is exceeding growth in metropolitan areas. As rural America has grown—by over 15 percent between 1970 and 1980—there has been a corresponding increase in the demands on rural area economies and physical facilities.

All the problems that accompany growth are now present in non-metroplitan areas. Rural residents need new and rehabilitated housing, schools, roads, sewers, and other facilities. Rural economies, which depend on agriculture, manufacturing, and construction, have been particularly hard-hit by the recent recession. For example, rural unemployment has risen faster than metroplitan unemployment in recent years. Rural family incomes are lower and rural proverty rates substantially higher than in metropolitan areas. Yet, rural needs for capital facilities are increasing as more people move in and fewer people choose to move away.

The provisions of title I, as reported, recognize and address the problems brought on by rural growth and the backlog of unmet needs. The assistance available under the Regional Economic Assistance Program has been limited to smaller communities (those with populations of 50,000 or less), rural areas, and to Indian tribes. There has been a conscientious effort to target the available funds by directing them to areas where income levels are lower and unemployment higher than the national average.

Also eligible are areas where sudden economic dislocation has occurred or is likely to occur. Adjustment assistance has been among the most effective types of economic aid in the past. It is intended to help local communities adjust to sudden and severe economic disruptions, which may be caused by a plant closing or a sharp personnel reduction at a defense installation.

The original Economic Development Administration's programs were aimed at rural areas. But as the agency's eligibility criteria were expanded, more than 85 percent of the country became eligible. Programs administered by the Department of Housing and Urban Development will continue to address urban problems and needs. In a time of limited resources, the types of assistance that had been available through the Economic Development Adminis-

tration will be far more effective if focused on relatively small, less costly projects in genuinely distressed areas of rural America.

Further, because the Regional Economic Assistance Program is based on public works investments, a special office is to be established within the Army Corps of Engineers, staffed by present support personnel from the Economic Development Administration and other necessary economic development/public works specialists.

The Army Corps of Engineers is an appropriate agency to assist with regional economic development. The Crops has overseen the construction activities of agencies such as the Environmental Protection Agency and the Postal Service. It has built much of the basic infrastructure of the United States. The Corps has the experience and capability necessary for analyzing project applications under title I of this bill.

The basic mission of the new Office of Regional Economic Assistance will be to provide assistance for the construction of public facilities to qualified entities within distressed rural areas. Assistance is to be provided in close consultation with the applicants, other levels of government, and the private sector, so that the maximum contribution can be made toward economic development and job creation. Effective economic assistance programs and selected public works projects can work together to rehabilitate and bolster the economies of regional areas and communities, and stimulate private enterprise.

The title authorizes a total of $225 million annually for a five-year period beginning with fiscal year 1984. This authorization includes $175 million a year for the design and construction or rehabilitation of capital projects; $10 million a year in technical assistance; $20 million a year in economic assistance planning; and $20 million yearly for administrative expenses.

Grants under the Regional Economic Assistance Program will cover 50 percent of the cost of a project, except that the Federal share of Indian projects will be 80 percent. The program is to be a cooperative effort among Federal, State, and local governments and the private sector.

Federal involvement in regional economic development is essential if the American economy is to remain sound and grow stronger. There have been criticisms in the past of economic development aid. The Regional Economic Assistance Program addresses those criticisms and provides a focused, realistic means for meeting essential rural development and employment needs. The following new or revised requirements are significant: tightened eligibility criteria; targeted assistance to genuinely distressed rural areas where the provision of public facilities can keep or attract businesses and jobs; the transfer of Economic Development Administration programs and personnel to the Corps, which has long-term experience in public works and development investments; an emphasis on planning and technical assistance in support of a comprehensive and long-range development/investment strategy; a practical and well-defined economic development process which demonstrates the value of each project in achieving area improvements; and coordination and full consultation among Federal, State, and local gov-

ernments and the private sector, to maximize the efforts and investments of all participants.

In recognition of past difficulties in administering regional development programs, the Secretary is expected to automatically remove the designation area when it is no longer eligible for assistance. This would not mean interruption of an on-going project, but rather the determination that if an area is no longer distressed, it quite properly becomes ineligible for assistance.

Any subsequent grant to an eligible applicant shall be based on previous performance and the success of a previous project or projects. Continued assistance shall also hinge on demonstration that projects are related and support one another in meeting the goals of the overall project plan and development/inventory strategy.

Planning is an important element in the development of successful public facilities and employment opportunities. The Secretary shall give considerable weight to the plan submitted with the application; the plan shall be a key factor in evaluation and project selection. Additionally, the ratio between government and private investment shall be given special attention. Project selection should be based on need, but also on the potential for success; it is vital that the limited resources available be spent where they will have the greatest impact.

Finally, title I contains a provision to address the growing problem of inadequate educational facilities for alien students along the Mexican border. Federal immigration policy has resulted in a large legal alien settlement in the border area. Classroom facilities have become overcrowded and there is widespread use of portable school structures. The situation is compounded by the socioeconomic condition of the region, characterized by low per-capita income, high unemployment, and inadequate local tax bases. The affected school districts are unable to provide the needed classrooms. The Regional Economic Assistance Program is an appropriate vehicle to provide the necessary assistance.

TITLE II: HISTORIC SITES

Title II of S. 724, the "Historic Sites Preservation Act of 1983," authorizes $75,000,000 to the Secretary of the Interior in fiscal year 1984 or thereafter. These funds must be obligated by the States within 18 months of appropriation. An additional $10,000,000 is authorized to the Secretary of the Interior in fiscal year 1984 or thereafter to be transferred to the National Trust for Historic Preservation to be used for the "Inner-City Ventures Fund."

Historic preservation has been viewed until recently as primarily a means to preserve for posterity a number of individual houses, monuments, or other buildings of architectural or historic significance. Preservation is seen by local officials and development experts as having the potential to do much more. It has been used to preserve not only isolated structures, but to revitalize entire historic neighborhoods and small towns. It has stimulated the economic development of downtowns, waterfronts, and small town main streets.

Historic preservation protects the long-term capital investment made in public facilities. The rehabilitation and restoration of ex-

isting facilities is generally more cost-effective, consumes less energy, takes less time, and has far less impact on the environment than new construction. Rehabilitation is 30–40 percent less expensive than comparable new construction.

Preservation requires less expenditure for site preparation, materials and heavy construction equipment; more of the funds are expended on labor costs. Because renovation requires less extensive design and other preliminary work, it can put people to work quickly. Since most of the work is indoors, it can continue year-round. Preservation projects provide opportunities for on-the-job crafts training that can be used in other construction and rehabilitation work.

A small government investment in preservation often encourages significant private economic development in an urban neighborhood or a rural main street which, in turn, increases local and State tax revenues. Tourism is also frequently enhanced, providing further income and jobs.

Funds available under this title will be made available to the States through an allocation formula based partly on population and unemployment. This formula targets funds to areas with severe unemployment problems.

Projects eligible for funds under this title must follow guidelines now in place for the historic preservation activities carried out by the Department of the Interior. Properties listed on, or eligible for listing on, the National Register of Historic Places, and those properties which are determined to contribute to the historic significance of a district listed on, or eligible for listing on, the National Register are eligible for funds.

A wide range of historic properties meet the criteria for listing on the National Register and are thus eligible under this title. These include historic neighborhoods, waterfronts, main streets, amusement parks, apartment buildings, and factories. In addition, other public facilities including streets, sidewalks, lighting, and public areas, which contribute to the vitality of historic properties, are eligible for funds. There must, of course, be a direct link between these public facilities and the historic character of the area or property.

In selecting projects for funding under this title, preference should be given to those historic preservation projects and activities which are not currently eligible for the historic preservation tax incentives. There is no intention, however, to exclude those projects which are eligible for such tax incentives from eligibility under this title.

Section 202(d) of this title requires the owner of the historic property to assure reasonable public access to the historic elements of the property, in a manner similar to requirements in the existing historic preservation grants program administered by the Interior Department. Where Federal funds are used to enhance historic areas and properties, it is important that the public receive a benefit. Reasonable access to the area does not extend to unusual hours of the night, to anything that poses a safety hazard, or to any other unreasonable action. It is not intended that the public have access to the interiors of buildings where Federal funds were used only for the rehabilitation of the building's facade.

Funds available under this title will be administered by historic preservation agencies, which already exist at the Federal and State level. No new administrative structures will be created by this program. Funds may be used for direct grants, matching grants, loans, revolving funds, and other forms of assistance, in order to provide States, local governments, and the private sector with maximum flexibility in addressing unique needs and in encouraging creativity in preservation activities.

Any loan or revolving fund proceeds repaid to a State must be used exclusively for projects of the kind eligible for funding under this title. Similarly, any funds repaid to the National Trust for Historic Preservation shall be used exclusively for projects of the kind eligible for funding under this title.

The Secretary of the Interior shall allocate the funds under this title as expeditiously as possible. It is important that the States receive funds to administer the program as quickly as possible, so that eligible preservation projects and activities can be selected, and the funds obligated, in a timely manner. This is especially important since funds must be obligated within 18 months of their appropriation.

While funds authorized by this title require 50 percent matching funds before a project is carried out, the Secretary of the Interior is not to impose a requirement on the National Trust for Historic Preservation that these matching funds be available before funds appropriated under this title are transferred to the Trust.

The Advisory Council on Historic Preservation is directed to develop an expedited process to comment on projects proposed for funding under this title. Because these projects must conform to the Secretary of the Interior's standards for historic preservation, the Committee anticipates that there will be little or no controversy regarding these projects and the Advisory Council will be able to act in an expeditious manner. Such a process has been successfully implemented in project reviews for the Urban Development Action Grant program.

This title also provides $10,000,000 for the Inner-City Ventures Fund, an existing program administered by the National Trust for Historic Preservation. The Fund was established in 1981 to encourage initiatives by community organizations for housing rehabilitation and commercial revitalization in minority and low-income historic neighborhoods. The Fund has received support from a public-private partnership between the Federal government, private foundation, corporations and the Trust. In the past, each dollar of Fund commitment has been matched by approximately $17 of other investment.

The Inner-City Ventures Fund provides low-interest loans, loan guarantees, and matching grants to nonprofit neighborhood organizations undertaking rehabilitation projects. Loans are a part of all awards made by the program; repayment of the loans generates capital for new awards. Recipient organizations are also offered training and technical assistance in property, personnel, and financial management. Funds authorized by this title for the Inner-City Ventures Fund should be utilized in a manner consistent with the existing goals and requirements of the Fund.

All historic preservation projects funded under this title will be selected by the State Historic Preservation Officer. This is important in order to ensure that State and local priorities are paramount in project selection.

TITLE III—YOUTH EMPLOYMENT

This title brings together two needs: unmet community needs and the needs of many of our young adults for jobs. The title creates two employment programs for young adults, aged 16 to 24, one in labor intensive community improvement projects, the other in projects to improve our public lands. In each case, unemployed young people will be hired to do work that is labor intensive.

The purpose of the title is to help young men and women gain the work habits and self-confidence to become "reliable, self-disciplined, and productive members of the work force." At the same time, the program will produce valuable improvements in our communities and on our public lands.

This Nation's high rate of youth unemployment is a problem that appears almost certain to persist, no matter what the extent of the present economic recovery. With youth unemployment rates now approaching 25 percent generally, and 50 percent for minority youngsters, an overall decline of 1 or 2 percentage points in national unemployment is unlikely to produce very significant improvement in the youth job market.

The problem is not simply an issue of percentages of "unemployed." Dr. Janet C. Norwood, Commissioner of Labor Statistics, described the unemployment situation among young blacks as "one of the most important social problems that we have." In testimony before the Committee, she stated:

> In 1982, only 36.6 percent of the Nation's black youth was working or looking for work. The proportion employed is even lower. Consequently, black youth labor market problems are not solely limited to unemployment but extend to those who have chosen not to enter the labor force at all.

Speaking on behalf of the U.S. Conference of Mayors, Mayor Morial of New Orleans told the Committee:

> One of the most pressing problems cities face today is the staggering amount of youth unemployment . . . The combination of a revitalized Young Adult Conservation and Community Improvement Projects program . . . is a good start toward solving this problem.

The nature of a youth's early work experience is an essential determinant of success or failure in the adult world and thus a valid subject of Federal investment. Title III of S. 724 seeks to lay a sound employment groundwork by providing young people with proper education, appropriate training, and the immediate opportunity to work.

This title provides a total of $600 million annually for each of five fiscal years, beginning in fiscal year 1984. The appropriation is to be split between a Youth Community Conservation and Improvement Program, operated by the Department of Health and Human

Services, and the American Conservation Corps, operated by the Department of the Interior. Title III will create as estimated 60,000 to 70,000 jobs yearly for young people, if fully funded.

This Committee's involvement in youth jobs dates to its decision to report S. 427 on March 4, 1977. That legislation included a title on youth community improvement programs, a title which eventually evolved into the Youth Community Conservation and Improvement Program and the Young Adults Conservation Corps.

The Young Adult Conservation Corps, which operated for several years beginning late in the 1970's, proved successful in hiring unemployed youths. For every dollar expended on the program, it is estimated to have produced $1.20 in conservation work. At the same time, a version of what is part A of this title became law. The Labor Department reported that some 45 percent of the youths participating in that program either found jobs afterward, or went on to further education or training.

This title is not simply a jobs program. It is an investment in work experience and skill training, and in community improvements and natural conservation. Ignoring this group of young people now would increase the risk that a large segment of our young adult population will have no attachment to the labor force in the near future.

Under part A, States receive a block allocation of money. Community-based organizations, which are funded through the Community Services Block Grants, run the program. Priority will be given to summer jobs programs for youths.

Community improvement projects may include work on public facilities, including urban parks, weatherization of homes, rodent control, energy conservation, and removal of architectural barriers in public facilities and polling places. The projects will be labor-intensive and will have to be able to begin promptly. States are expected to work with the community agencies in developing priorities for work under both parts A and B.

The jobs created under this title will pay the minimum wage in most cases, and apprenticeship wages when undertaken in conjunction with union training programs.

A youth conservation corps, known as the American Conservation Corps, will put unemployed, underskilled youths to work on projects including forestry and wildlife management, recreation development, road and trail management, reclamation, and fire prevention. The purposes are simple, yet important—to give our unemployed youth a chance to work and to provide them with the skills they need to survive in the adult job market.

Part B has both a year-round and a summer component. Enrollees in both programs must have attained the age of 16. Those in the summer program may enroll at any time prior to their twenty-second birthdays. Persons may enter the year-round program at an older age, but must leave the program by their twenty-fifth birthday.

The ACC program allows for the establishment of conservation corps centers throughout the Nation. ACC members will leave at the centers, which will be supervised either by State or Federal employees.

SECTION-BY-SECTION

TITLE I

Sec. 101. This section outlines the purposes of the title, which are to combine Federal, State, and local government resources with private sector resources to promote economic development in rural areas and communities with populations of 50,000 or less. Assistance is available for areas suffering substantial and persistent unemployment and underemployment, and provides for construction and expansion of new and existing public facilities, plus long-range planning. Such assistance is designed to promote growth and development, thereby providing employment opportunities in distressed areas.

Sec. 102. This section authorizes the Secretary of the Army, acting through the Corps of Engineers, to provide grants to an economic development district, a local unit of government, or an Indian tribe for the design and construction or rehabilitation of publicly owned capital assets or facilities. Such projects could include waterworks and water lines, sanitary and storm sewers, waste treatment facilities, streets and roads, bridges, police and fire stations, and solid waste disposal facilities. This list is not intended to be exhaustive, but provides a number of examples of what kind fo projects could be funded under this section. A grant may be awarded upon the determination of the Secretary that the project will contribute toward improving economic conditions within the area of the project, will improve the opportunity for jobs, will leverage available private resources and is part of a comprehensive investment strategy that has been developed by the applicant under section 107 of this title.

A grant awarded under this section may not exceed 50 per centum of the total cost of a project, except that a grant to an Indian tribe may not exceed 80 per centum of the total project cost.

The sum of $175,000,000 is authorized annually for such grants for a five-year period; fiscal year 1984 through fiscal year 1988. No State may receive more than 15 per centum of the total amount appropriated under this title in any fiscal year. There is no distribution formula, rather the Secretary approves grants on a project-by-project basis.

Sec. 103. This section specifies who may be applicants for a grant under this title. A local unit of government may apply for assistance under this Title, as may an economic development district, and an Indian tribe. Any applicant must meet the requirements of section 104. Assistance is limited to rural areas and to communities with a population of 50,000 or less. Even if the district or county contains a city of more than 50,000 people, the district or county may still apply and obtain a grant. The grant, however, can only be located outside that larger city. In the case of major cities, this exclusion would extend to the immediate suburbs. These grants are not available in larger urban areas, where unemployment may be as serious or more serious, but where other Federal assistance programs are available to meet such distress.

Sec. 104. This section delineates the economic conditions that must exist in an area before such area is eligible to apply for a

grant under this Title. An area must be experiencing one or more of the following conditions–

(1) a per capita income of not more than 80 per centum of the national average;

(2) an average unemployment rate over the most recent twenty-four month period for which statistics are available, one percentage point or more above the national average; or

(3) has experienced, or is about to experience a sudden economic dislocation resulting in significant job loss both in terms of the number of jobs eliminated and the effect upon the employment of the area. An example of this could be the closing of a plant which is a major employer in an area.

An applicant must demonstrate to the Secretary with each application that at least one of these criteria exists. Documentation must accompany each application and must employ the most recent Federal statistics, when available, or the most recent data available through the State government.

Unemployment figures issued by the Bureau of Labor Statistics provide data only on States, Standard Metropolitan Statistical Areas, counties, and cities with populations over 50,000. Therefore, an area that is applying for a grant based on high unemployment will use county unemployment figures, unless, in the judgment of the Secretary, that community has provided alternative data which the Secretary finds is accurate and acceptable.

Sec. 105. This section provides emergency construction assistance on a one-time basis to public school districts in the four U.S.-Mexico border States (Texas, New Mexico, Arizona, and California) unable to provide adequate school facilities because of large concentrations of legal alien students. The reported bill provides a five-year authorization (fiscal years 1984–88), not exceeding $10 million per year out of the funds authorized under section 102. This funding is available to public school districts in counties along the U.S.-Mexico border that meet the conditions of section 104.

A local education agency is eligible to receive a grant if the number of enrolled immigrant children exceeds 300 or 10 percent of all children aged five to seventeen enrolled in the school. The amount of a grant to which an eligible area is entitled is equal to the number of qualified immigrant children enrolled during the latest school year for which data is available, multiplied by $1,000. Assistance must be matched by the local school agency. Assistance should be directed to the most seriously affected eligible school districts throughout the four border States. While this section provides that no school district will receive more than one grant, some grants may be spread over more than one fiscal year, due to constraints on total funds available in any fiscal year.

Sec. 106. This section authorizes grants for technical assistance in areas eligible, or likely to be eligible, for assistance under section 104. Such assistance shall include planning for a specific project, feasibility studies and studies evaluating the need for economic development in an area and the development potential of such area.

The sum of $10,000,000 is authorized yearly for fiscal years 1984–88.

Sec. 107. The Secretary under this section is authorized to award planning grants for up to 80 percent of planning costs to a State, local unit of government, or economic district.

The planning process is an important aspect of any eligible area's effort to improve its economy. Planning should include systematic efforts to reduce unemployment and increase local economic activity.

Planning should be a continuous process, including both public officials and private citizens. It should include an analysis of local economics and an identification of economic problems, a statement of development goals and a determination of project opportunities, including a summary of available public and private resources to support a project. From this should thereby come a development program for implementation.

A plan prepared under this section shall be submitted to the Secretary and updated as deemed necessary by the Secretary. Project applications approved under section 102 must be consistent with this plan.

The sum of $20,000,000 is authorized annually for this section for the fiscal years 1984–1988.

Sec. 108. This section provides two definitions. First, an economic development district is defined as either one designated before January 1, 1983, under the Public Works and Economic Development Act of 1965 or a district designated under the terms of this title to do economic development planning. Second, an Indian tribe is defined.

Sec. 109. This section authorizes $20,000,000 for salaries and administrative expenses for each of the fiscal years 1984–1988.

Sec. 110. This section contains a number of miscellaneous provisions pertaining to the administration of this title.

The powers of the Secretary are delineated and the usual provisions necessary for the administration of a grant program are included.

There is a standard savings provision which is required to effect administrative continuity between the Economic Development Administration and the new Office of Regional Economic Assistance.

The Secretary shall make a comprehensive and detailed annual report to the Congress on the operations of the Regional Economic Assistance Program. The annual report shall contain information on the distribution of grants by area, project type, and degree of distress; financial characteristics of the grants including the extent to which private sector financing was involved; the potential impacts of grant projects, including detailed data on new and retained jobs, permanent and temporary jobs, and the cost of each new job; and finally, a discussion of progress made toward achieving regional economic development goals. The report must be transmitted to the Congress by February 1st of the year following the fiscal year discussed.

There is a provision that all laborers and employees employed on projects assisted by this program must be paid the prevailing wage rates under the Davis-Bacon Act. The Secretary shall not extend any assistance under this title until assurances have been received that Davis-Bacon rates will be maintained throughout the project.

The recipient of assistance under this title is required to maintain records as prescribed by the Secretary. Twice a year a recipient must submit a report to the Secretary containing all of the information required by the record-keeping provision and describing the development process and the employment and all other benefits derived from that particular investment. In addition, each report must include an audit of all funds spent on the project or undertaking during the preceding year. The audit must be prepared by an independent certified public accountant. The Secretary and the Comptroller General of the United States, or their representatives, are authorized to have access to pertinent documents of the recipient for the purpose of audit.

Sec. 111. This section establishes an Office of Regional Economic Assistance within the Army Corps of Engineers to administer this title. The Office is headed by a Director, a position which requires confirmation by the United States Senate.

Staffing of the Office must first be accomplished through the transfer of staff from the Economic Development Administration at the Department of Commerce. Staff that are transferred must fill positions of equivalent grade and description within the Office.

The administration of the existing loan program under the Public Works and Economic Development Act of 1965, as amended, is transferred to the Army Corps of Engineers. This title does not authorize a loan program, but the Office of Regional Economic Assistance will be responsible for overseeing, monitoring, and closing out the existing loan portfolios in an orderly fashion.

At the time that the Secretary certifies to the Congress that the transfers have been completed, the Public Works and Economic Development Act of 1965, as amended, is repealed—thus terminating the Economic Development Administration.

Sec. 112. This section cites the title as the "Regional Economic Assistance Act of 1983."

TITLE II—HISTORIC SITES

Sec. 201. This section provides a discussion of findings and purposes.

Sec. 202. Subsection (a) of this section authorizes $75,000,000 to the Secretary of the Interior in fiscal year 1984 or thereafter. Amounts appropriated are available for obligation by the States for 18 months only. Any funds not obligated in that period will revert to the Treasury.

Subsection (b) allocates funds to the States according to the following formula:

25 percent equally divided among the States,

25 percent based on population, and

50 percent based on the relative number of unemployed persons, as of the date of enactment of the Act.

Subsection (c) provides that projects eligible for funds include:

(1) National Historic landmarks;

(2) properties listed on, or eligible for listing on, the National Register of Historic Places;

(3) properties determined by a State Historic Preservation Officer, in conjunction with a State historic preservation review board,

to meet substantially the criteria for listing on the National Register, or to contribute to the historic significance of a district listed on, or eligible for listing on, the National Register; and

(4) public facilities, including, but not limited to, streets, sidewalks, lighting, and grounds that contribute to the vitality or character of historic properties.

Subsection (d) requires that the preservation work must be carried out in accordance with the Department of the Interior's Historic Preservation Standards. The owner must also agree to maintain the historic elements of the project for a specified number of years, depending on the amount of Federal assistance provided to the project, ranging from 5 years for Federal assistance of up to $10,000, to 25 years for Federal assistance exceeding $100,000.

Subsection (e) provides that a State must give priority to projects that are job intensive, encourage private investment, use vacant or under-utilized buildings, provide job training opportunities, allow local residents to participate in the revitalization, and contribute to a strategy which minimizes displacement of neighborhood facilities or residents.

Subsection (f) provides that no more than 5 percent of a project's cost may be used for administration.

Subsection (g) states that money may be used for grants, loans, and revolving funds. Any funds repaid to a State must subsequently be used only for the kinds of projects which are eligible under this title.

Subsection (h) requires that the Federal matching share for any project eligible for funds under this title may not exceed 50 percent.

Subsection (i) provides that project selection rests with the State Historic Preservation Officer.

Sec. 203. This section authorizes an appropriation to the Secretary of the Interior in fiscal year 1984, or thereafter of $10,000,000 to be transferred to the National Trust for Historic Preservation to be used for the "Inner City Ventures Fund."

Sec. 204. The Secretary under this section, must allocate funds authorized under this title within 30 days of their receipt.

Sec. 205. This section states that the Secretary, in cooperation with the National Trust for Historic Preservation and the National Conference of State Historic Preservation Officers, shall review and make recommendations on future authorizations for the program authorized by this title.

Sec. 206. A State is eligible for funds under this title if it has an approved State historic preservation program, and if it certifies that it will abide by program priorities established by this title.

Sec. 207. Each State is required to work with local elected public officials and encourage public participation.

Sec. 208. This section requires the Advisory Council on Historic Preservation to provide an expedited process for comments on projects funded under this title.

Sec. 209. This section cites this title as the "Historic Sites Preservation Act of 1983."

TITLE III—YOUTH EMPLOYMENT

Section 301. This section declares that the purpose of this title is to provide young Americans with job experience, while augmenting community services.

Part A is entitled "Youth Community Conservation and Improvement Projects," and encompasses sections 311–317 of the bill.

Section 311. This section provides definitions for several words and phrases used in this part:

A community-based organization is defined as it is in the Job Training Partnership Act.

A community improvement project includes: the rehabilitation or improvement of public facilities, neighborhood improvement work including renovation of urban parts, weatherization, repairs and rehabilitation of low-income and elderly housing, projects to improve the lives of elderly and low-income individuals, rodent control, energy conservation, removal of architectural barriers to the handicapped, and conservation on non-Federal public lands.

An eligible project must be a community improvement project that can be initiated quickly, with a substantial portion of the work to be completed in a year.

Eligible youths are persons 16 through 19 years of age, at the time of hiring.

Educational organizations are defined as they are defined in various other Federal laws dealing with education.

A project applicant may be a Community Action Agency eligible under the community services block grant program, a local govenmental agency, any special purpose governmental unit having the power to tax, a local educational agency or institution of higher learning, a community-based organization, a community development corporation, a group serving American Indians, or any nonprofit organization engaged in public service.

A "community improvement project" is defined as work "which would not otherwise be carried out." That phrase is intended to mean work that has importance to the community or area, which would not likely be funded without the support provided by this title, or work that assists low income persons or families who otherwise could not afford that work, no matter how vital it may be in maintaining or raising their standard of living.

The definitions declare that this part will be administered by the Department of Health and Human Services.

Sec. 312. This section requires that 95 percent of the sums appropriated shall be allocated on the basis of the number of unemployed persons in each State, with no State receiving less than ½ of 1 percent of the sums allocated. In addition, 2½ percent of the money is available for American Indians, and 2½ percent for migrant farm workers.

Sec. 313. The Secretary is authorized under this section to enter into agreements with eligible applicants to pay the youth employment costs for projects under this part.

Sec. 314. Any State, under this section, that wishes to obtain an allocation shall submit an application with information designating a Community Services Block Grant agency to run the program,

plus a list of the types of projects to be undertaken, and descriptions of methods of recruiting, program links to local schools and public assistance agencies, means of furnishing literacy skills and continuing educational opportunities, job training and skill development that will be made available, and coordination with schools.

Sec. 315. This section states that project applicants shall submit applications to the appropriate State agency. In accordance with regulations, each application shall describe the work to be done and the wages to be paid and shall furnish assurances of adequate adult supervision, that any income generated will be applied to reimbursing project costs, that necessary equipment and supplies will be provided, that work will be labor intensive, and other assurances deemed appropriate by the Secretary of Health and Human Services.

Sec. 316. This section requires that payments to States be made in accordance with the Intergovernmental Cooperation Act, and must be spent by the end of the following fiscal year.

Sec. 317. The Secretary, under this section may withhold funds to a State after reasonable notice and opportunity for hearing for non-compliance with the provisions in the State application required under section 314.

Sec. 318. According to this section, wages paid to participating youths shall be the highest of: (1) the Federal minimum wage, (2) a State or local minimum wage, or (3) the prevailing labor union rates, if any, for similar work, except that the applicant may enter into agreements for lower wages. If there is a new job classification, the Secretary of Labor shall settle any complaints from labor organizations. In those instances when Davis-Bacon applies, the Secretary is authorized, for projects costing less than $15,000, to set pay rates less than the Davis-Bacon rate for apprentices.

Part B. This part is entitled the "American Conservation Corps" and covers section 321 through section 330.

Sec. 321. This section states congressional findings and purposes on the American Conservation Corps.

Sec. 322. This section provides a number of definitions for this part, including a statement that the part shall be administered by the Secretary of the Interior. Terms such as public lands, program agency, Indian tribe, and Indian lands are defined.

Sec. 323. This section requires the Secretary of the Interior, 90 days after enactment, to establish a public lands conservation and improvement program. Under the program, Interior shall provide assistance to program agencies to establish American Conservation Corps centers.

The work to be undertaken includes:

forestry and silviculture,

wildlife habitat and range land conservation and improvement,

recreational development and improvement,

urban revitalization,

historic site preservation and maintenance,

fish culture and habitat maintenance,

road and trail work,

erosion, flood, drought, and storm damage assistance and control,

stream and harbor improvements and pollution control
insect, disease, rodent, and fire prevention and control,
improvements to abandoned rail tracks,
energy conservation,
recovery of biomass from forestlands, and
reclamation of strip-mined lands.

Preference is to be given to projects that provide long-term public benefits, provide meaningful work experience, are labor intensive, and can be initiated promptly.

Projects must be on public lands or Indian lands, except a project with a documented public benefit may go forward on nonpublic lands if there is reimbursement for any portion of the costs not providing a public benefit.

Projects must conform with other public laws.

Under subsection (f), each program agency may apply to the Secretary of the Interior for approval of conservation centers. The application must list the goals of the center, the types of projects to be undertaken, a description of the facilities and equipment to be available, estimates of the number of enrollees and the magnitude of support services, and plans for managing the center.

Location of centers will be selected to increase the enrollment of disadvantaged youths from areas of high unemployment.

Any State with a program must allow local governments to participate. Program agencies may contract out the management of centers to local governments and non-profit organizations.

The Department of the Interior may develop joint programs with the Department of Labor.

Sec. 324. Enrollment in the regular program, under this section, is limted to unemployed persons from age 16 through 24. For persons employed only in the summer months, the age limitations are 16 through 21. Enrollees must be U.S. citizens or lawfully admitted aliens.

Persons aged 16 through 18 who wish to join the regular program, but who are no longer in school, must produce written assurances they did not leave school to enroll in the program.

State agencies shall select enrollees. In making that selection, special consideration shall be given to disadvantaged youths and youths from areas of substantial unemployment.

Persons may enroll in the regular program for a maximum of 24 months. No one may remain enrolled after his or her 25th birthday.

The program agency shall provide quarters, board, medical care, transportation, and other items necessary for the center. Whenever possible, this logistical support shall by provided by an adjacent military base. No project shall be undertaken without on-site supervisory staff. The Secretary of the Interior may contract with State agencies to operate centers.

The Secretary shall not enter into an agreement unless the State agency certifies that its work will not displace persons already employed by the agency, or employ a youth in lieu of an employee who has been laid off from substantially the same job.

Of the sums appropriated for this part, at least 35 percent is set aside for State-operated programs, at least 25 percent for programs in the Department of Agriculture, as least 25 percent goes to pro-

grams within the Department of the Interior, at least 5 percent for Indian tribes, and the remainder for programs of other Federal agenices and for demonstration projects.

Ten percent of the money available to the States shall be distributed equally among the States, with the remainder allocated on the basis of the number of youths that State has as a percentage of all youths in the Nation.

A State must pay at least 15 percent of the cost of any conservation center it operates. Whenever a State fails to have a program, a local unit of government in the State may operate it.

Sec. 325. This section states that enrollees shall not be considered Federal employees and shall not be subject to laws relating to Federal employment.

Sec. 326. The Secretary, under this section, may recruit unpaid volunteers, but may not permit them to perform hazardous duty or law enforcement work, or policy-making, or displace any employee, enrollee, crew leader: or other participant in the program.

Sec. 327. Under this section, the Department of the Interior is directed to set standards for pay, hours, and conditions. The Departments of the Interior and Defense shall study this program as a possible alternative to the Military Selective Service Act. Pesticide use is prohibited, except under controlled circumstances for training purposes.

Sec. 328. This section requires the Department of the Interior to research and evaluate costs and benefits under this part and identify options to improve program productivity. Demonstration projects on new arrangements or work are authorized, together with the study of a possible memorial for the Civilian Conservation Corps.

Sec. 329. This section requires the Secretary of Labor to provide labor-market information to carry out his part.

Sec. 330. Federal employees under this section are allowed to appeal if they have been displaced by an employee or volunteer under this part. Displacement includes a reduction in nonovertime hours, wages, or benefits.

Part C. This part establishes several general provisions covering this title.

Sec. 341. Under this section, a total of $600,000,000 is authorized each fiscal year for five years, beginning in fiscal year 1984. Half of the funds appropriated annually are to be dedicated to part A, half of part B.

Sec. 342. This section states that no discrimination is permitted.

Sec. 343. Special efforts under this section are to be given to recruit youths with severe handicaps in seeking work. The Secretaries may reallocate money within part A or part B, if applicants will not be able to use the money in a reasonable time.

Sec. 344. This section requires efforts to be made to provide academic credit for participants.

Sec. 345. This section states that earnings received by an enrollee shall be disregarded in determining a family's eligibility for other Federal programs.

Sec. 346. This section provides administrative provisions.

Sec. 347. This section cites this title as the "Youth Employment Act of 1983."

TITLE IV—GENERAL PROVISIONS

Sec. 401. Under this section, definitions of "State" and "local unit of government" are provided. The section also states that nothing in this Act shall alter the requirements of the National Environmental Policy Act, the Fish and Wildlife Coordination Act, the Endangered Species Act, or Title III of the Clean Water Act.

COMMITTEE HEARINGS

The Committee on Environment and Public Works held six days of hearings regarding S. 724 and related legislation. On January 28 and on February 2 and 3, 1983, the Committee heard from a group of 18 witnesses who testified on the public works infrastucture and unemployment situation. Witnesses included several Mayors, the Governor of New Jersey, and representatives from organizations such as the League of Women Voters and the Port Authority of New York and New Jersey, plus various academic and public policy experts.

The Committee resumed hearings on April 11, 12, and 18, 1983. At this time the Committee received testimony regarding specific legislation, including S. 724. Twenty-four witnesses testified over the three days, the director of the Bureau of Labor Statistics, representatives of industry, youth organizations, the Tennessee Valley Authority, and various local units of government.

REGULATORY IMPACT EVALUATION

In compliance with paragraph 11(b) of Rule XXVI of the Standing Rules of the Senate, the Committee makes the following evaluation of the regulatory impact which would be incurred for carrying out the activities authorized by S. 724, as ordered reported by the Committee on Environment and Public Works.

The bill is not a regulatory measure in the sense of imposing Government established standards or significant economic responsibilities of a regulatory nature on private individuals and businesses.

No personal information would be collected in administering the program. Therefore, there would be no impact on personal privacy.

ROLL CALL VOTES

On May 12, 1983, the Committee Ordered S. 724 favorably reported. An amendment introduced by Senator Humphrey to authorize titles I and III for only one year was defeated by a vote of 4 to 8, with Senators Abdnor, Humphrey, Simpson, and Symms voting in favor, and Senators Baucus, Bentsen, Burdick, Durenberger, Mitchell, Moynihan, Randolph, and Stafford voting in the negative. The vote to report the legislation passed, 9 to 5, with Senators Baucus, Bentsen, Burdick, Durenberger, Hart, Mitchell, Moynihan, Randolph, and Stafford voting in favor, and Senators Abdnor, Chafee, Humphrey, Simpson, and Symms voting against.

COST OF LEGISLATION

Section 403 of the Congressional Budget and Impoundment Control Act requires a statement of the cost of the reported bill, prepared by the Congressional Budget Office, be included in the report. That statement follows:

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, D.C., May 16, 1983.

Hon. ROBERT T. STAFFORD,
Chairman, Committee on Environment and Public Works,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Pursuant to Section 403 of the Congressional Budget Act of 1974, the Congressional Budget Office has prepared the attached cost estimate for S. 724, a bill to authorize the United States Army Corps of Engineers to undertake activities to provide new public works investment, grants to the several States to encourage and foster the construction of necessary public capital investment projects, to assist in creating new and productive jobs, and for other purposes.

Should the Committee so desire, we would be pleased to provide further details on this estimate.

Sincerely,

JAMES BLUM
(For Alice M. Rivlin, Director).

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

1. Bill number: S. 724.

2. Bill title: A bill to authorize the Untied States Army Corps of Engineers to undertake activities to provide new public works investment, grants to the several States to encourage and foster the construction of necessary public capital investment projects, to assist in creating new and productive jobs, and for other purposes.

3. Bill status: As amended and ordered reported by the Senate Committee on Environment and Public Works, May 12, 1983.

4. Bill purpose: The bill would establish an Office of Regional Economic Assistance within the U.S. Army Corps of Engineers. That office would receive, by transfer, all personnel currently employed by the Economic Development Administration in the U.S. Department of Commerce. The office would provide grants to assist local government agencies in the planning, design, construction or rehabilitation of capital assets critical to the economic well-being of their areas of responsibility.

In addition, the bill authorizes the appropriation of $75 million for fiscal year 1984 for the purpose of creating jobs and preserving historic properties through grants to states that would be used to aid in the rehabilitation of historic properties. The bill also provides $10 million in fiscal year 1984 for transfer to the National Trust for Historic Preservation.

Title III of the bill provides $600 million annually for fiscal years 1984 through 1988 for the purpose of making grants to states to enable them to establish and upgrade community conservation and

improvement programs and to establish an American Conservation Corps.

5. Estimated cost to the Federal Government:

[By fiscal years, in millions of dollars]

	1984	1985	1986	1987	1988
Budget function 450:					
Authorization level	$225	$225	$50	$50	$50
Estimated outlays	54	143	163	115	88
Budget function 500:					
Authorization level	300	300	300	300	300
Estimated outlays	150	300	300	300	300
Budget function 300:					
Authorization level	385	300	300	300	300
Estimated outlays	279	331	315	300	300
Total:					
Authorization level	910	825	650	650	650
Estimated outlays	483	774	778	715	688

Basis of estimate: For the purposes of this estimate, it was assumed that all funds authorized by the bill are appropriated prior to the start of each fiscal year and that funds would be obligated and disbursed at rates comparable to existing similar programs at the Departments of Commerce, the Interior, and Health and Human Services.

6. Estimated cost to State and local governments: Several programs authorized by this bill require nonfederal contributions to bring projects to their full funding levels. Programs authorized by Title I that would be administered by the Corps of Engineers require a 50 percent nonfederal contribution for operational grants and 20 percent contribution for planning grants—for a total matching requirement of $180 million per year for 1984 and 1985, and $5 million per year for 1986 through 1988. These matching requirements are substantially similar to those of existing Economic Development Administration programs that would be repealed once Corps programs are in place. This change in administering authority is not expected to significantly change nonfederal contributions to economic development assistance programs. Under provisions of S. 724, not more than 15 percent of appropriated funds (or approximately $31 million) could go to any one state. The nonfederal share of such grants could be no more than $27 million for any one state, based on matching requirements set in the bill.

Funds for historic preservation in Title II would require a 50 percent nonfederal contribution, the rate currently required by the existing program. The $75 million contribution required by the additional funding authorized by this bill may be made by states, local governments, or private sector participants (depending upon the characteristics of each restoration project).

The program established by Part B of Title III of this bill, the American Conservation Corps, would receive $105 million annually that is specifically allocated to states. Of that amount, 10 percent, or $10.5 million, is to be passed on to local governments, leaving $91.5 million for state programs. Since the bill requires that states

pay 15 percent of the operating costs of any conservation center in the state, an annual allocation of $105 million to states would require them to contribute $18.5 annually to the program.

7. Estimate comparison: None.

8. Previous CBO estimate: On February 17, 1983, the Congressional Budget Office prepared a cost estimate on H.R. 999, the American Conservation Corps Act of 1983. That bill, while substantially similar to Title III, Part B of this bill, provided an authorization of $60 million in 1983.

9. Estimate prepared by: Linwood T. Lloyd; Mary Ann Curtin; and Stacey Sheffrin.

10. Estimate approved by: C. G. Nuckols (for James L. Blum, Assistant Director for Budget Analysis).

MINORITY VIEWS OF SENATOR SIMPSON

I must dissent to S. 724 as reported. This legislation, while being of noble intention, would likely only hinder the economic recovery our nation is now experiencing.

I do honestly feel that we are swiftly rounding the corner toward national economic recovery and nearly every economic indicator is pointing to a recovery that will be quite extended and strong. The fact that more than 11 million people in our country are currently without a job is great cause for concern, but I do not see this bill as being a remedy to that problem. This bill dispenses funds to the highest percentage of our unemployed—our young people—but it does not train them to continue working once the funds for the youth jobs programs are expended. It actually accomplishes little more than reversing many of the spending curbs which have been achieved by us after two years of strenuous effort.

Congress enacted President Reagan's package for economic recovery less than two years ago. It is a program that couples sharp reductions in federal spending with a 25 percent tax cut over a three year period. While some of the medicine for recovery has been bitter the disease of economic chaos is much worse. We have therefore struggled mightily to assure recovery by keeping the whole package in place. It now seems ironic to me that just as we begin to see signs that the medicine is beginning to work, some persons would seek to jerk the rug out from under all of it by returning to those old, worn and tattered ways of legislating and spending—throwing those federal bucks at a problem with little thought to the overall long-term economic consequences.

ALAN K. SIMPSON.

MINORITY VIEWS OF SENATOR HUMPHREY

I take strong exception to Committee passage of S. 724, legislation touted as a public works and jobs creation bill. At a time when the American economy is showing signs of rapid improvement and unemployment is dropping, it strikes me as imprudent, unwise, and unnecessary to put forward legislation intended to create jobs at the expense of the taxpayers. It is my belief that legislation of this kind will impede and hamper economic recovery, not hasten it.

None of the funds authorized by this bill were requested by the President, and only a portion of the funds were included in the Senate Budget Committee's first attempt to formulate a First Concurrent Budget Resolution. Spending above and beyond not only the President's budget request, but also in excess of the First Concurrent Budget Resolution, will contribute further to an already staggering deficit. Self-control is necessary if we are ever to bring the current spending spree to a halt.

Title I of this bill is little more than the Economic Development Administration dressed in a new suit of clothes. While the Regional Economic Assistance Program created under Title I would be more directed toward rural development than is the current EDA program, placing the program under the jurisdiction of the Army Corps of Engineers strikes me as an ill-conceived plan. More importantly, however, I see no reason to authorize this program to the tune of $225 million per year over the next five years. The Administration has requested termination of the Economic Development Administration, not a long-term reauthorization of the program under a different agency.

There is little evidence that the expenditures from economic development programs like EDA have induced development and infrastructure in distressed areas that would not have occurred either there or elsewhere without this investment. In fact, State and local governments may actually lessen and delay overall expenditues for public works projects in hopes of receiving Federal funding. Furthermore, there is precious little evidence that EDA has led to an overall increase in the number of jobs in this country. Rather, programs like EDA appear to encourage economic growth in some sectors of the economy at the expense of others. Similarly, the government does not create new jobs in the economy by moving productive resources from the private to the public sector.

Termination of the EDA will not leave rural communities without any source of Federal assistance. Funds for state and local community and economic development will continue to be available through the Urban Development Action Grant (UDAG) program and the flexible Community Development Block Grant (CDBG) program, which distributes funds more efficiently than does EDA. Funds for rural areas will also continue to be available through the Farmers Home Administration.

Title II of this bill provides a total of $85 million for historic preservation and the Inner City Venture Fund. This one-shot deal would not make a substantial difference in alleviating the effects of a serious economic downturn, and given the current economic recovery is entirely unneeded.

Finally, Title III of the bill would provide $600 million per year over each of five years for a two-part youth jobs program. In total, the Federal Government would spend $3 billion to create jobs for youths aged 16–24. Again, this strikes me as an excessively large and inflationary sum. The Senate's efforts would be better directed toward finding ways to encourage the private sector to hire youths.

This bill will be jointly referred to both the Labor and Human Resources Committee and the Energy and Natural Resources Committee. It is my sincere hope that these committees will take a careful look at this bill and give serious consideration to its budgetary implications.

Fiscal responsibility must begin in the authorizing committees, and I call on my colleagues to take this responsibiity to heart. With enormous deficits threatening the recovery, passage of expensive new programs is simply illogical. We cannot create real jobs by more heavily burdening the credit markets. The prescription for greater employment and prosperity everywhere is simple: cut spending. This so-called jobs bill does just the opposite.

GORDON J. HUMPHREY.

CHANGES IN EXISTING LAW

In the opinion of the Committee on Environment and Public Works it is necessary to dispense with the requirements of Section 12 of Rule XXVI of the Standing Rules of the Senate in order to expedite the business of the Senate.

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Calendar No. 176

98TH CONGRESS
1st Session

SENATE

REPORT
No. 98-114

PUBLIC BUILDINGS AUTHORIZATION ACT OF 1983

MAY 16, 1983.—Ordered to be printed

Mr. STAFFORD, from the Committee on Environment and Public Works, submitted the following

REPORT

[To accompany S. 1287]

The Committee on Environment and Public Works, reports an original bill (S. 1287), to authorize appropriations for the Public Buildings Service of the General Services Administration for fiscal year 1984 and recommends that the bill do pass.

GENERAL STATEMENT

This bill provides monetary authorizations only for fiscal year 1984 for the public buildings program of the General Services Administration. It does not constitute a complete authorization. The Committee intends in the near future to report a Committee amendment authorizing specific major construction, acquisition, and repair and alteration projects. The Monetary authorizations for those projects, in the aggregate, will conform to the budget limitations established in this bill. This two-step authorization is necessitated by the Committee's desire to meet the May 15 reporting deadline established by the Budget Act and its inability to review major projects by that deadline, owing to circumstances set out below.

Although the bill is freestanding legislation, it relates closely and conforms to the provisions of major public buildings reform bills reported by the Committee and passed by overwhelming votes of the Senate in the 96th and 97th Congresses. Similar reform legislation, S. 452, has been introduced in the 98th Congress and is scheduled for early consideration by the Committee.

One of the chief initiatives of those bills is an overhaul of congressional authorization procedures for the public buildings program. In brief, S. 452 replaces piecemeal, ad hoc committee approvals of individual building projects with a systematic annual authorization process that improves oversight and brings the public buildings program

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into conformity with regular congressional authorization and budgetary procedures.

Although the House of Representatives has not yet passed similar legislation, the Committee expects there will be a conference on S. 452 this year and that the conference will produce legislation requiring annual congressional authorization of the public buildings program. The Committee anticipates that the annual program authorized by this bill would be a subject of that same conference.

As in each of the past three years, during which it developed the reform legislation, this year the Committee will not authorize any public buildings projects under its jurisdiction—other than emergency repairs—except in accordance with an annual authorization bill. It is the Committee's judgment that public buildings appropriations for fiscal year 1984 should be limited to those projects, project costs, and budget ceilings authorized by this bill and this judgment will be conveyed to the Committee on Appropriations.

The Committee had intended to include a listing of major public buildings projects in this bill as it did last year in reporting S. 2451, the Public Buildings Authorization Act of 1982 (S. Rpt. No. 97–462). Due primarily to the tardy and incomplete submission by the General Services Administration of its fiscal year 1984 budget and supporting program documentation, the Committee has been unable to do so.

In evaluating the public buildings program and its constituent components as proposed by GSA, the Committee and its staff are necessarily dependent to a large degree upon information the agency supplies. This information is contained in the President's Budget, the Public Buildings Service congressional budget justification, individual major project proposals, and the Public Buildings Service Management Plan. Of these information sources, only the President's Budget was made available on time and in its entirety.

The PBS congressional budget justification arrived two weeks after release of the President's Budget and it has been revised several times since. Individual project proposals (called "prospectuses" by the Public Buildings Act of 1959 and required for all projects costing over $500,000) constitute documentation of the specific recommended projects which appear as line-items in the budget. These project proposals must be signed by appropriate GSA officials and formally submitted to the Committee. Prospectuses for four of five major construction projects were received at the beginning of April; prospectuses for several major repair projects and 34 of 50 major leasing actions were received in mid-April. To date there has been no submission of the one remaining construction prospectus and sixteen remaining lease prospectuses. Inaction by GSA in this regard suggests its failure to acquire the necessary approval of these project proposals by the Office of Management and Budget.

Staff meetings with PBS officials were begun soon after the receipt of the project proposals. Most of the questions raised by Committee staff at those meetings have yet to be answered satisfactorily.

Even more frustrating have been repeated efforts to acquire the PBS Management Plan for fiscal years 1983–1989. Preparation of an annual and long-term plan is a major initiative of S. 452 and its predecessor public buildings reform bills. Both in 1981 and 1982, the Public

Buildings Service prepared comprehensive plans in accordance with the provisions of the reform bills, even though the bills had not been enacted. Though the plans were flawed, Committee members were encouraged by the relatively professional manner in which they were prepared and presented. Their timely submission—by mid-February—seemed to indicate the PBS was moving away from its ad hoc management style.

On April 5 of this year, after staff entreaties had failed, the Chairman and Ranking Minority Member of the Committee wrote to the Administrator of General Services expressing their concern over the failure of GSA to submit the latest version of the Management Plan. Their letter indicated the usefulness of previous editions of the plan for evaluating priorities among individual projects and preparing the annual authorization bill. One week later, a fragment of the plan arrived. It contained a list of proposed construction, acquisition, and repair and alteration projects for fiscal years 1983–89. But all supporting data (such as projections of size of the Federal workforce, economic analyses of the costs of leasing versus owning office space, and descriptions of the criteria used to establish project priorities) and project descriptions were absent. A cover letter suggested that efforts to produce an improved planning document were taking longer than expected.

The fragmentary plan, when compared with the completed planning documents submitted in previous years, shows significant changes in construction and repair and alteration projects and priorities for fiscal year 1984 and the out-years. Some projects proposed in previous plans have disappeared, a few have been accelerated, and some have changed in cost. No explanations for these changes were provided.

Even more disturbing is the trend evident in the projected size of the fiscal year 1984 construction program and major repair and alteration program presented in each succeeding edition of the Management Plan. The fiscal year 1984 major construction program proposed in June 1981 (the new Administration's revision of the plan submitted in January 1981) consisted of 22 projects totalling $1.1 billion. By February 1982 there were only 14 projects costing $315.7 million. These figures have been further reduced in the plan fragment of April 1983. Just six projects requiring $137.5 million are now recommended for the 1984 program. Similar reductions have been made in the planned fiscal year 1984 major repair and alteration program: 47 projects for $202 million proposed in 1981, 33 projects for $176.7 million proposed in 1982, and 11 projects for $21.8 million proposed in 1983.

Although no explanation of these planned cutbacks in program expenditures is given, declining availability of resources in the Federal Buildings Fund is clearly a significant factor. The $21.8 million proposed for the fiscal year 1984 major repair and alteration program in the Management Plan fragment reflects a potential reduction of over $45 million in the President's original budget request for projects in this category. A footnote attributes this to reprogramming of funds appropriated in fiscal year 1983 pursuant to Public Law 98–8, the Emergency Expenditures to Meet National Needs Act.

Several weeks after the arrival of the incomplete Management Plan and just 1 week before the Committee markup of this legislation, Com-

mittee staff received a copy of a $125,000,000 amendment to the President's 1984 budget for the Public Buildings Service. The specific impact of this amendment would be to reduce fiscal year 1984 funding for major repair and alteration projects by $45,763,000 (as noted above) and to reduce funding for minor projects, those costing under $500,000, by $79,237,000.

A careful reading of P.L. 98–8, the reports of the Senate and House Committees on Appropriations, and the report of the committee of conference provides no evidence that the Congress intended appropriations under this Act to be treated as an advance against appropriations for subsequent fiscal years. The Committee views the GSA budget amendment as seriously harmful to the continuity of the PBS Repair and Alteration Program and therefore unacceptable. The aggregate sum authorized in this legislation reflects the judgment of the Committee that this program is crucial for the preservation of important federal assets and for meeting the needs of client Federal agencies housed by GSA.

To return to the U.S. Treasury the $125,000,000 appropriated pursuant to P.L. 98–8 would only aggravate the financial distress of the Federal Buildings Fund that has already weakened the PBS program and is reflected in lower planned program expenditures. GSA officials estimate that losses to the PBS program during fiscal year 1983 due to the actions of the Congressional Appropriations Committees amount to $337,000,000. Both the House and Senate Committees on Appropriations included in their respective fiscal year 1983 appropriations bills language prohibiting a scheduled increase in the Standard Level User Charges—rental payments—collected by GSA from its client agencies. SLUC payments constitute the primary source of revenue for the Federal Buildings Fund. Needed construction and repair and alteration projects can be proposed and funded only within the limits of available resources. These resources are first applied to meet all outstanding contractual obligations—primarily leasing purchase contract, and real property operations accounts. Accordingly, no matter how urgently the need for building repairs or how much more cost-effective building construction or purchase may be compared to leasing, such projects must be shoe-horned into a dwindling, discretionary portion of the budget.

The Committee continues to be concerned over the inadequate size of the construction and acquisition budget—a little more than 6 percent of the total appropriations request—and the excessive expenditures for the rental of space—about 41 percent of the total, and approaching $1 billion a year. This imbalance is the result of over a decade and a half of successive Administrations foregoing necessary construction and the attendant long-term economies of property ownership in favor of the immediate appearance of economy but long-term profligacy resulting from leasing Federal workspace. Since 1975, between 47 and 48 percent of the GSA-housed Federal workforce has been situated in leased space. (In 1982, GSA controlled over 229 million square feet of space and housed 879,000 Federal employees.)

Section 702 of S. 452 would repudiate this shortsighted policy. It establishes a goal of housing 80 percent of the workforce in Govern-

ment-owned buildings within 10 years of enactment. The long-range GSA public buildings plans submitted both in 1981 and 1982 indicated agreement with that change in policy. The 1982 plan would actually result in the location of 78 percent of the workforce in Government-owned space by fiscal year 1988; that percentage would rise to 86 percent by fiscal year 1994. GSA projected a cost savings due to this shift in its inventory of approximately $11 billion.

GSA predicates this shift, in part, on the declining Federal workforce and on a new initiative to intensify the utilization of workspace. The Committee believes that in order to implement the latter initiative, the GSA will have to assemble more accurate inventories of office space and building occupants than it has yet been able to produce. It is impossible to determine if utilization rates are improving when GSA cannot, at present, reliably tell how many people occupy its buildings, or how much usable space each building contains.

The Committee is gratified to learn that the Public Buildings Service is beginning to install a new computer system. This acquisition of an expanded and more flexible data processing capabilitiy will, it is hoped, presage a badly needed improvement in the quality of management information.

Key Provisions

As reported, this bill authorizes a total of $2,169,813,000 for the Public Buildings Service of the General Services Administration for fiscal year 1984. This represents an increase of $21,670,000 above the Administration's original budget request and a rejection of the amended budget request to reprogram and transfer the $125,000,000 appropriated into the Federal Buildings Fund in accordance with P.L. 98–8. The authorized increase of $21,670,000 is to be made available from the unobligated balance anticipated for the Fund during fiscal year 1984.

Authorized expenditures include $353,842,000 for construction, acquisitions, renovations, repairs, and alterations; $880,500,000 for leasing, $686,500,000 for real property operations; $103,471,000 for program direction; and $145,500,000 for purchase contract payments.

Section-By-Section Analysis

SECTION 2

Section 2 is similar to section 802 of both S. 533 as passed by the Senate during the first session of the 97th Congress and S. 452 as introduced at the beginning of the 98th Congress.

Section 2 establishes the restriction that no appropriation, including any appropriation from the Federal Buildings Fund, for the purposes of the bill, i.e., for the Public Buildings Service, is to be made unless it has been authorized by the Congress in accordance with this bill. This binding restriction by the Congress upon itself is similar to the provision contained in the Public Buildings Act of 1959 (P.L. 86–249). (That law would be repealed by enactment of S. 452). The section adds the further restriction that no appropriation for the Public Buildings Service shall be obligated by GSA unless it has been authorized in accordance with this bill.

SECTION 3

Section 3(a) states that no public building construction, renovation, alteration, or repair is to be commenced unless an appropriation has first been made—in the amount of the estimated cost of completion of the project—in the fiscal year in which the appropriation is authorized. Subsection (b) adds that beginning in fiscal year 1985, no lease is to be entered into unless contract authority (a special form of budget authority) for the maximum costs of the lease over its entire term and a commensurate appropriation are provided in the fiscal year in which the lease is authorized.

This provision is consistent with the "full funding" concept of budgeting. Funds for all "out-year" obligations or outlays, as well as those funds expected to be required for obligation in fiscal year 1984, will be provided in appropriations in the first year. Partial-year funding will not be permitted.

This policy is consistent with the present practice for construction projects. Appropriations are made for the total estimated cost of completion before the work begins, even though obligations and outlays may extend over three to five or more years. However, at present, annual appropriations for renovations, repairs, and leases reflect only the expected obligational level for the year for which the appropriation is made. Beginning in fiscal year 1984 the practice followed in construction will apply as well to renovations and repairs. Leasing will be similarly handled, starting in fiscal year 1985.

The Committee has found, for example, that the unaccounted obligation which will be required to liquidate existing GSA leases presently exceeds $3 billion, but this year's public buildings budget request shows only the $880.5 million in fiscal year 1984 lease payments. GSA reports that leases newly executed during fiscal year 1984 will require payments of $28.2 million during this fiscal year, and that is the amount GSA has requested for those leases. Signing those leases will commit the Government, however, to significantly greater total outlays over the terms of those leases.

Under present accounting procedures, each year's new leasing authorization is used by GSA to enter into leases of from one to twenty years, but only the current years obligation is counted in that authorization. This omission of lease commitments for all future years from both the executive branch and congressional budgets grossly understates leasing costs. It skews decisions away from construction and acquisition, and introduces a bias in favor of constantly escalating lease commitments.

In order to phase in the authorization of these currently unreported commitments, the bill delays implementation of the full funding policy until fiscal year 1985. In the interim, the Committee expects GSA and OMB to take the necessary steps to reflect this changed policy in the fiscal year 1985 Federal budget request.

It should also be noted that the full funding concept requires funding for the entire cost of actual construction or renovation to be provided in the first year of a project's authorization; it does not require that the full project cost be provided when only preliminary design is authorized. One of the purposes of authorizing preliminary design in advance of construction is to establish precise estimates of construction scope and costs.

The bill's restriction that appropriations for renovations, repairs, or alterations may be made only in the year for which they are authorized is an important departure from current practice. At present, when a project proposal is submitted to the Committee by GSA, it is not often tied to any funding schedule. Under this practice, projects are authorized without regard to fiscal year limitations, and a backlog of authorized but unfunded projects tends to build up.

This bill authorizes appropriations for just one fiscal year. These authorizations are limited in duration. In this respect, the bill authorizes an annual national buildings program, not a series of independent, unrelated projects. Work authorized by the bill but not funded by appropriations for fiscal year 1984 have to be reauthorized in a subsequent year's annual program authorization bill.

SECTION 4

Section 4 authorizes appropriations from the Federal Buildings Fund in the amount of $2,169,813,000 for fiscal year 1984 for the operations of the Public Buildings Service. Because this bill constitutes ony a monetary authorization of the PBS program, the breakdown of the aggregate authorization level is limited to broad categories without specification of any individual projects.

Section 4(a) authorizes $353.842,000 for construction demolition, renovation, and repair and alteration of public buildings. This amount increases the Administration's original budget request by $21,670,000 based on anticipated revenues to be deposited into the Federal Buildings Fund during fiscal year 1984. The total authorized by section 4(a) also represents a rejection of the Administration's amended budget request to reprogram and transfer out of the fund the $125,000,000 appropriated pursuant to the provisions of Public Law 98–8.

The absence of line-item project identifications and expenditure limitations in no way constitutes a weakening of the Committee's determination to review and approve specific major projects in the context of a single annual authorization action. A complete and comprehensive annual authorization bill presupposes the timely and accurate submission of information by the Agency whose program is to be authorized. Delays and irregularities in this regard as noted in the General statement, above, have impeded the Committee's ability to act on the details of the PBS program. All decisions on individual projects have therefore been deferred until unresolved questions concerning them can be answered.

Section 4(b) authorizes $880,500,000 for fiscal year 1984 for the rental of building space. This amount is divided into two categories: (1) $28,201,000 for succeeding lease agreements to replace expired leases for the same amount of space and for new leases to acquire expansion space and (2) $852,299,000 for lease payments to be made during fiscal year 1984, including increases in operating costs and taxes, for building space leased prior to that year.

Section 4(c) authorizes $686,500,000 for fiscal year 1984 for real property operations. This category includes cleaning, routine maintenance, utilities, and protection in Government-owned buildings and some or all of these costs in leased buildings as specified in the lease agreements.

Section 4(d) authorizes $103,471,000 in fiscal year 1984 for program direction. This function encompasses the overall management and administration of the programs of the Public Buildings Service, including preparation of annual and long-range plans and the storage, retrieval, and analysis of information on the GSA building inventory.

Section 4(e) authorizes appropriations for fiscal year 1984 of $145,500,000 for payment of principal, interest, taxes, and any other required obligations related to facilities acquired pursuant to both the Public Building Purchase Contract Act of 1954 (40 U.S.C. 356) and the Public Building Amendments of 1972 (40 U.S.C. 6020). This amount is fixed by previous contractural commitments of the Government that extend for some time into the future. The acts cited above enable GSA to enter into long-term borrowing arrangements in the private lending markets—in a few cases, through the Federal Financing Bank—to permit construction of a backlog of public building projects that had been approved but unfunded when the laws were enacted. Under these purchase contracts, the Government makes regular payments on the loans and title to the buildings passes to the Government at the end of the long-term payment periods.

SECTION 5

Section 5 provides that funds appropriated under section 4(a) for construction, renovation, repair, or alteration are to remain available for obligation and expenditure without regard to fiscal year limitations, provided that an appropriation for such projects is received during the same year they are authorized and covers their total estimated costs. That is, funds appropriated for the total cost of construction do not expire at the end of the fiscal year for which they are appropriated but remain available until fully expended.

SECTION 6

Section 6 provides authority for GSA to undertake emergency renovation, alteration, and repair projects or enter into emergency leases not previously authorized. Ten percent of the funds made available for renovations, repairs, and alterations under section 4(a) could be reprogrammed to emergency needs not anticipated when the Administrator submitted his annual program and budget request. Likewise, funds available under section 4(b) may be utilized for lease requirements which could not have been so anticipated. The Committee does not expect that funds would ever be reprogrammed from one subsection in order to meet the needs normally funded through the other subsection. For example, funds should not be reprogrammed from subsection (a) to undertake a lease. Nor should funds be reprogrammed from subsection (b) to renovate, alter, or repair buildings. On the other hand, any funds available within the various components of a subsection may be utilized to meet these respective needs.

The legislation requires that no funds may be obligated under section 6 until 30 days after the submission by the Administrator of an explanatory statement to the Committee on Environment and Public Works of the Senate and the Committee on Public Works and Trans-

portation of the House. The explanation should include a description and justification for the renovation, alteration, or repair, or lease or alteration to leased space, as well as a statement of the reasons the project or lease cannot be deferred to the next succeeding fiscal year.

In the event that the Administrator believes the project or lease is such a critical emergency that it should not be deferred for 30 days, he may proceed prior to the lapse of the 30-day period. In such cases, his statement to the Committees should also include his justification for proceeding prior to the 30-day lapse in time.

Rollcall Votes During Committee Consideration

Section 7(b) of Rule XXVI of the Standing Rules of the Senate requires that any rollcall votes be announced in reports accompanying legislation. During the Committee's consideration of this measure, no rollcall votes were taken. The bill was ordered reported by voice vote.

Evaluation of Regulatory Impact

In accordance with paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the committee has evaluated the regulatory impact of the bill. In view of the fact that the bill primarily affects the internal operations of the Government, there are no new regulatory implications.

Cost of Legislation

Section 403 of the Congressional Budget and Impoundment Control Act requires each bill to contain a statement of the cost of such bill prepared by the Congressional Budget Office. That statement has been omitted from this report because it had not been received by the deadline required for filing.

Changes in Existing Law

In compliance with paragraph 12 of Rule XXVI of the Standing Rules of the Senate, the committee reports that the bill makes no changes in existing law.

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